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80-8076

17 October 1980

OS [REDACTED]
FILE [REDACTED] See 18

MEMORANDUM FOR: Director of Central Intelligence
 THROUGH: Deputy Director of Central Intelligence
 25X1 FROM: [REDACTED] SA to the DCI for Compartmentation
 25X1 SUBJECT: APEX - Start-Up Date [REDACTED]

1. This memorandum presents what I believe to be a consensus of the APEX Steering Group (ASG) members' views on the viability of 1 January 1981 as the initial date for using APEX procedures. Paragraph 10 contains a recommendation. The APEX Steering Group members are aware of the writing of this memorandum, but coordination has not been attempted. [REDACTED]

2. Tab A is a coordinated ASG view of what should happen on "Day One." It includes items from Phases I, II, and III of the Final Report and is a bit grander than was envisioned for the initial APEX appearance in the Final Report. The ASG, however, mostly believes that good security for APEX information and effective APEX operation requires at least the specified actions. [REDACTED]

3. As you know, 1 January 1981 has been designated for APEX "Day One" subject to NFIB review and your decision. This review has been set for 18 November. There is concern that 18 November is too late (but, indeed, today would also be too late) if a 1 January 1981 date is to stand firm. The review should look at readiness for initial APEX operation in three major avenues: US Government, US industry, and 2nd Parties. [REDACTED]

4. I am reasonably positive that the NFIB members will report that they cannot be ready on 1 January. With variations, the US Government theme will be:

-- The basic APEX indoctrination materials have been widely available only since about 30 September. These have been used to prepare the APEX briefers on APEX per se, but;

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- The various APEX product, operational and subcompartment manuals are not yet available;
- Thus, indoctrination has not started on a broad scale because we do not wish to go through the process twice, once for the general system and again for specific compartments;
- In addition, lacking specific APEX manuals, we cannot yet effectively do the reviews of accesses that APEX lays on each SIO. (This can be argued, but is a reasonable position);
- Once all of the product manuals (TECHNICAL, IMAGERY, COMINT and HUMINT) are available, a reasonable estimate can be made for access requirements. This process will allegedly take 60-120 days, to be followed by another 60-120 days for indoctrination and orientation.

5. The industry theme will be much the same, but with significant additions:

- Unknown costs may be accrued by modifying portions of contracts in mid-fiscal year. (This is admittedly moot; program managers, project directors and contracting officers are truly concerned that it might happen. Auditors are much less concerned. Work is going on in an attempt to resolve it, but some say that we will not know the costs until the contracts are actually renegotiated);
- The effective way to modify the SCI contracts is through a single US Government executive agent who would renegotiate all Government contracts with a single contractor. e.g.. all TRW/US Government contracts with

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7. Resources will be raised reiteratively in an NFIB discussion from two points of view. First, more time is required before APEX starts simply because many organizations do not have the manpower, the properly configured space, and the travel funds to get to all of their people in a brief period. Moreover, if indoctrination must be done in two parts--first for APEX general concepts and later 25X1 for specific accesses--the resource requirements go up proportionately.

8. Resources, again, are considered in varying degree to be inadequate to operate under APEX rules. Thus, some variant of the DoD GDIP and non-GDIP requirement of 850 positions for APEX implementation will be restated. You should be aware well in advance that DoD spokesmen will be claiming that DCID 1/19, paragraph 2.e. (Tab B) is the justification for current lack of document control. DoD will state that you, as DCI, exempted NFIB from the Executive Order 12065 and ISOO rules concerning document control in that DCID. They will argue (despite the fact Executive Order 12065 and ISOO No. 1 came after DCID 1/19 and presumably superseded it) that APEX should bear the cost of enhanced document control because of DCID 1/19. Commentary on DCID 1/19 is attached as Tab C. You will be told that APEX should not be implemented until you provide those added resources required by the added tasks. At least some will be obdurate on this point. DoD spokesmen may push this point of view in Congressional budget hearings.

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9. Position papers are being drafted for use in the 18 November NFIB meeting. I am concerned that at least some of these papers will be aimed entirely at why 1 January 1981 is a bad time. Such discussion will not be productive. The following recommendation, thus, is intended to provide NFIB with guidance to make the 18 November session constructive.

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10. The recommendation, embodied in the attached memorandum, is basically that 1 January 1981 be designated as the beginning date for phasing in of APEX with "Day One" (as defined in Tab A) to be firmly established after NFIB discussion. Sequentially, the major remaining pre-start-up tasks are:

- Completion of the APEX manuals;
- SIO review of access requirements under APEX;
- Indoctrination for APEX and orientation for specific APEX accesses for those who require them.

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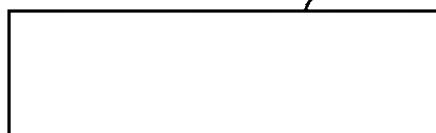
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You will be urged to make "Day One" no earlier than 1 July 1981 and most will wish for 1 October 1981 because of fiscal constraints, especially in the contracting arena. At this point in time, I believe that effective and orderly implementation within the Government will require at least until 1 July. I further believe that if the US officials charged with the contracting responsibility continue to maintain that 1 October 1981 has major fiscal benefits, delay until then is advisable. The alternative seems clear--contracts can be renegotiated to reduce deliverables and provide for APEX implementation. Any APEX critic will then claim that APEX is being developed at the expense of intelligence capability.

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11. I recognize that such a delay could be used to attempt to kill APEX. That risk, however, appears to be no greater than the risk of proceeding without adequate preparation.

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Attachments:

- Tab A - "Day One"
- Tab B - DCID 1/19
- Tab C - Commentary on DCID 1/19

APPROVED: (Memo signed or modified)

John G. Deutch, Director

17 OCT 1985

Director of Central Intelligence

Date

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Subject: APEX - Start-Up Date

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